

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 79 - HB 69

March 17, 2015

SUMMARY OF ORIGINAL BILL: Authorizes the State Fire Marshal to assess a civil penalty, not to exceed \$1,000 against fire protection sprinkler contractors, fire extinguisher specialists, technicians or firms, and liquid petroleum gas dealers for each applicable violation of any state law, rule or regulation.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue – Exceeds \$500
Increase State Expenditures – Not Significant

IMPACT TO COMMERCE OF ORIGINAL BILL:

Increase Business Expenditures - Exceeds \$500

SUMMARY OF AMENDMENT (004498): Deletes all language after the enacting clause. Authorizes the State Fire Marshal to assess a civil penalty for second and subsequent violations against fire protection sprinkler contractors, fire extinguisher specialists, technicians or firms, and liquid petroleum gas dealers for each applicable violation of any state law, rule or regulation. Such civil penalties include:

- For a second violation, a civil penalty not to exceed \$100;
- For a third violation, a civil penalty not to exceed \$500;
- For a fourth or subsequent violation, a civil penalty not to exceed \$1,000.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Based on information provided by the Department of Commerce and Insurance, there are no current monetary penalties for fire protection sprinkler contractors, fire extinguisher specialists, technicians or firms, or liquid petroleum gas dealers for violating state law, rules, or regulations.
- Currently, any such contractor, specialist, technician, firm, or dealer who is found in violation of the law may be penalized by suspension or revocation of licensure.
- Complaints may be filed against licensees, but rarely do such complaints lead to a suspension or revocation of a license.

- In 2014, there were four (4) fire sprinkler complaint cases opened and one (1) liquefied petroleum complaint case filed.
- The Department does not anticipate that each complaint will likely result in a violation or a civil penalty, but feels the authority to issue a civil penalty will serve as an effective deterrent to any violations.
- In order for the civil penalty to act as a deterrent, the State Fire Marshal will have to assess the civil penalty. It is estimated at least one civil penalty will be assessed and paid every two years resulting in an annualized increase in state revenue exceeding \$500 (\$1,000 / 2 years).
- It is anticipated that more complaint cases will be filed, but there will also be a decrease in repeat offenders. Any additional responsibilities resulting from the proposed legislation will not significantly increase the current workload of the State Fire Marshal's Office and can be accommodated within the office's existing resources.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumption for the bill as amended:

- There will be an increase in non-deductible business expenses for a licensee who fails to adhere to state law, rules, or regulations. It is estimated that civil penalties resulting from the proposed legislation will exceed \$500 annually.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Jeffrey L. Spalding, Executive Director

/jdb